



Substitute House Bill No. 5591

Public Act No. 16-29

AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) As used in this section and sections 2 to 13, inclusive, of this act:

(1) "Authority" means the Connecticut Retirement Security Authority established pursuant to section 2 of this act;

(2) "Board" means the Connecticut Retirement Security Authority board of directors established pursuant to section 2 of this act;

(3) "Contribution level" means (A) the contribution rate selected by the participant that may be expressed as (i) a percentage of the participant's taxable wages as is required to be reported under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or (ii) a dollar amount up to the maximum deductible amount for the participant's taxable year under Section 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time; or (B) in the absence of an affirmative election by the

Substitute House Bill No. 5591

participant, three per cent of the participant's taxable wages as is required to be reported under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or such other amount as determined by the authority, provided such amount shall not exceed six per cent. The contribution level of a participant who customarily and regularly receives gratuities in conjunction with his or her employment shall be a percentage of such participant's wages as is required to be reported under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time;

(4) "Covered employee" means an individual (A) who has been employed by a qualified employer for a period of not less than one hundred twenty days, (B) who is nineteen years of age or older, (C) who performs services within the state for purposes of section 31-222 of the general statutes, and (D) whose service or employment is not excluded under the provisions of subdivision (5) of subsection (a) of section 31-222 of the general statutes;

(5) "Participant" means any individual participating in the program;

(6) "Program" means the Connecticut Retirement Security Program established pursuant to section 3 of this act;

(7) "Qualified employer" means any person, corporation, limited liability company, firm, partnership, voluntary association, joint stock association or other entity doing business in the state during the calendar year, whether for profit or not for profit, that employed on October first of the preceding calendar year five or more individuals in the state and has paid not less than five of such individuals taxable wages of not less than five thousand dollars in the preceding calendar year. "Qualified employer" does not include: (A) The federal

Substitute House Bill No. 5591

government, (B) the state or any political subdivision thereof, (C) any municipality, unit of a municipality or municipal housing authority, (D) an employer employing only individuals whose services are excluded under subdivision (5) of subsection (a) of section 31-222 of the general statutes, or (E) an employer that was not in existence at all times during the current calendar year and the preceding calendar year;

(8) "Individual retirement account" means a Roth IRA;

(9) "Roth IRA" means an account described in Section 408A of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time;

(10) "Normal retirement age" means the age specified in Section 408A of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, when an individual may withdraw all funds without penalty; and

(11) "Vendor" means (A) a regulated investment company or an insurance company conducting business in the state, or (B) a company conducting business in the state to (i) provide payroll or recordkeeping services, and (ii) offer retirement plans or payroll deposit individual retirement account arrangements using products of regulated investment companies. "Vendor" does not include individual registered representatives, brokers, financial planners or agents.

Sec. 2. (NEW) (*Effective from passage*) (a) There is hereby established and created a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut established and created for the performance of an essential public and governmental function, to be known as the Connecticut Retirement

Substitute House Bill No. 5591

Security Authority. The authority shall not be construed to be a department, institution or agency of the state.

(b) The powers of the authority shall be vested in and exercised by a board of directors, which shall consist of nine voting members, each a resident of the state, (1) the State Treasurer who shall serve as an ex officio voting member; (2) the State Comptroller who shall serve as an ex officio voting member; (3) one appointed by the speaker of the House of Representatives, who shall have a favorable reputation for skill, knowledge and experience in the interests of the needs of aging population; (4) one appointed by the majority leader of the House of Representatives, who shall have a favorable reputation for skill, knowledge and experience in the interests of employers in retirement savings; (5) one appointed by the minority leader of the House of Representatives, who shall have a favorable reputation for skill, knowledge and experience in the interests of retirement investment products; (6) one appointed by the president pro tempore of the Senate, who shall have a favorable reputation for skill, knowledge and experience in the interests of employees in retirement savings; (7) one appointed by the majority leader of the Senate, who shall have a favorable reputation for skill, knowledge and experience in retirement plan designs; (8) one appointed by the minority leader of the Senate, who shall have a favorable reputation for skill, knowledge and experience in the interests of retirement plan brokers; and (9) one appointed by the Governor, who shall have a favorable reputation for skill, knowledge and experience in matters regarding the federal Employment Retirement Income Security Act of 1974, as amended from time to time, or the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as amended from time to time. Each member appointed pursuant to subdivisions (3) to (9), inclusive, of this subsection shall serve an initial term of four years. Thereafter, said members of the General Assembly and the Governor shall appoint members of the board to succeed such

Substitute House Bill No. 5591

appointees whose terms expire and each member so appointed shall hold office for a term of six years from July first in the year of his or her appointment.

(c) All appointments to the board shall be made not later than July 31, 2016. Any vacancy shall be filled by the appointing authority not later than thirty calendar days after the office becomes vacant. Any member previously appointed to the board may be reappointed.

(d) The Governor, with the advice and consent of both houses of the General Assembly, shall select a chairperson of the board from among the members of the board. The board shall annually elect a vice-chairperson and such other officers as it deems necessary from among its members. The board may appoint an executive director and assistant executive director, who shall not be members of the board and who shall serve at the pleasure of the board. The executive director and assistant executive director shall be employees of the authority and shall receive such compensation as prescribed by the board.

(e) The members of the board shall serve without compensation but shall, within available appropriations, be reimbursed in accordance with the standard travel regulations for all necessary expenses that they may incur through service on the board.

(f) (1) Each member of the board shall, not later than ten calendar days after his or her appointment, take and subscribe the oath of affirmation required by article XI, section 1, of the State Constitution. Each member's term shall begin from the date the member takes such oath. The oath shall be administered by the Secretary of the State and shall be filed in the office of the Secretary of the State.

(2) Each member of the board authorized by resolution of the board to handle funds or sign checks for the program, and any other

Substitute House Bill No. 5591

authorized officer, shall, not later than ten calendar days after the date the board adopts such authorizing resolution, execute a surety bond in the penal sum of fifty thousand dollars or procure an equivalent insurance product or, in lieu thereof, the chairperson shall obtain a blanket position bond covering the executive director and every member of the board and other employee or authorized officer of the authority in the penal sum of fifty thousand dollars. Each such bond or equivalent insurance product shall be (A) conditioned upon the faithful performance of the duties of the chairperson or the members, executive director and other authorized officers or employees, as the case may be, and (B) issued by an insurance company authorized to transact business in the state as surety. The cost of each such bond shall be paid by the authority.

(g) An authorized officer or the executive director, if one is appointed by the board pursuant to subsection (d) of this section, shall supervise the administrative affairs and technical activities of the program in accordance with the directives of the board. Such authorized officer or executive director, as the case may be, shall keep a record of the proceedings of the program and shall be custodian of all books, documents and papers filed with the program, the minute book or journal of the program and its official seal. Such authorized officer or executive director, as the case may be, may cause copies to be made of all minutes and other records and documents of the program and may give certificates under the official seal of the program to the effect that such copies are true copies, and all persons dealing with the program may rely upon such certificates.

(h) Four members of the board shall constitute a quorum for the transaction of any business or the exercise of any power of the authority. Each member shall be entitled to one vote on the board.

(i) (1) No member of the board or any officer, agent or employee of the authority shall, directly or indirectly, have any financial interest in

Substitute House Bill No. 5591

any corporation, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity contracting with the authority.

(2) Notwithstanding the provisions of subdivision (1) of this subsection or any other section of the general statutes, it shall not be a conflict of interest or a violation of the provisions of said subdivision or any other section of the general statutes for a trustee, director, officer or employee of a bank, investment advisor, investment company or investment banking firm, or a person having the required favorable reputation for skill, knowledge and experience in retirement savings, to serve as a member of the board, provided, in each case to which the provisions of this subdivision are applicable, such trustee, director, officer or employee of such a firm abstains from discussion, deliberation, action and vote by the board in specific respect to any undertaking pursuant to this section or sections 3 to 13, inclusive, of this act in which such firm has a direct interest separate from the interests of all similar firms generally.

(j) The board, on behalf of the authority, and for the purpose of implementing the Connecticut Retirement Security Program established pursuant to section 3 of this act, shall adopt written procedures in accordance with the provisions of section 1-121 of the general statutes for the purposes of:

(1) Adopting an annual budget and plan of operations, including a requirement of board approval before such budget or plan may take effect;

(2) Hiring, dismissing, promoting and compensating employees of the authority, instituting an affirmative action policy and requiring board approval before a position may be created or a vacancy filled;

(3) Acquiring real and personal property and personal services,

Substitute House Bill No. 5591

including requiring board approval for any nonbudgeted expenditure in excess of five thousand dollars;

(4) Contracting for financial, legal and other professional services, and requiring that the authority solicit proposals not less than every three years for each such service used by the board or authority, except for any firm that contracts to provide custodial, recordkeeping or other services for the provision of an individual retirement account such solicitation shall be not less than every ten years;

(5) Using surplus funds to the extent authorized under this act or other provisions of the general statutes;

(6) Making modifications to the program that the board deems necessary to implement the provisions of sections 2 to 13, inclusive, of this act consistent with federal rules and regulations in order to ensure that the program meets all criteria for federal tax-deferral or tax-exempt benefits, and to prevent the program from being treated as an employee benefit plan under the federal Employee Retirement Income Security Act of 1974, as amended from time to time; and

(7) Establishing an administrative process by which participants, potential participants and employees may submit grievances, complaints and appeals to the board and have such grievances, complaints and appeals heard and addressed by the board.

(k) The authority shall continue as long as the program remains in effect and until its existence is terminated by law. Upon termination of the existence of the authority, all its rights and properties shall pass to and be vested in the state of Connecticut.

(l) The provisions of this section and section 1-125 of the general statutes, as amended by this act, shall apply to any member, director or employee of the authority. No person shall be subject to civil liability for the debts, obligations or liabilities of the authority as provided in

Substitute House Bill No. 5591

this section and section 1-125 of the general statutes, as amended by this act.

Sec. 3. (NEW) (*Effective from passage*) (a) There is established the Connecticut Retirement Security Program the purpose of which shall be to promote and enhance retirement savings for private sector employees in the state. The board of directors of the Connecticut Retirement Security Authority may:

(1) Adopt bylaws for the regulation of the affairs of the board and the conduct of its business;

(2) Adopt an official seal and alter the same at the pleasure of the board;

(3) Maintain an office at such place or places in the state as the board may designate;

(4) Sue and be sued in its own name;

(5) Establish criteria and guidelines for the retirement programs to be offered pursuant to this section and sections 4 to 13 of this act;

(6) Receive and invest moneys in the program in any instruments, obligations, securities or property in accordance with section 8 of this act;

(7) Contract with financial institutions or other organizations offering or servicing retirement programs. The authority may require that each participant be charged a fee to defray the costs of the program. The amount and method of collection of such fee shall be determined by the authority. No employer shall be required to fund or be responsible for collecting fees from plan participants;

(8) Employ attorneys, accountants, consultants, financial experts, loan processors, banks, managers and such other employees and

Substitute House Bill No. 5591

agents as may be necessary in the board's judgment, and to fix the compensation of such individuals;

(9) Charge and equitably apportion among participants the administrative costs and expenses incurred in the exercise of the board's powers and duties as granted by this section;

(10) Borrow working capital funds and other funds as may be necessary for the start-up and continuing operation of the program, provided such funds are borrowed in the name of the authority only. Such borrowings shall be payable solely from revenues of the authority;

(11) Make and enter into contracts or agreements with professional service providers, including, but not limited to, financial consultants and lawyers, as may be necessary or incidental to the performance of the board's duties and the execution of its powers under this section;

(12) Establish policies and procedures for the protection of program participants' personal and confidential information; and

(13) Do all things necessary or convenient to carry out the provisions of sections 2 to 13, inclusive, of this act.

(b) The board of directors of the Connecticut Retirement Security Authority shall enter into memoranda of understanding with the Labor Department and other state agencies regarding (1) the gathering or dissemination of information necessary for the operations of the program, subject to such obligations of confidentiality as may be agreed or required by law, (2) the sharing of costs incurred pursuant to the gathering and dissemination of such information, and (3) the reimbursement of costs for any enforcement activities conducted pursuant to section 10 of this act. Each state agency may also enter into such memoranda of understanding.

Substitute House Bill No. 5591

Sec. 4. (NEW) (*Effective from passage*) (a) The Connecticut Retirement Security Authority board of directors shall prepare informational materials regarding the Connecticut Retirement Security Program for distribution by qualified employers to plan participants and prospective plan participants pursuant to section 7 of this act. Such informational materials shall include, but need not be limited to:

(1) The benefits and risks associated with making contributions to or making withdrawals from the program;

(2) The process for making contributions to the program, including a contribution election form;

(3) Clear and conspicuous notice regarding the default contribution level;

(4) The process by which a participant may opt out of the program by electing a contribution level of zero;

(5) A description of applicable federal and state regulations, including income and contribution limits for participating in the program;

(6) The process for withdrawing retirement savings from the program, including an explanation of the tax treatment of withdrawals;

(7) The process by which a participant may obtain additional information on the program, including information regarding investment options available under the program; and

(8) Such other information as the board may deem necessary or advisable to provide to participants, potential participants and qualified employers in the state.

(b) Not less than quarterly, the board shall provide a statement to

Substitute House Bill No. 5591

each participant that shall include, but need not be limited to, the following information:

(1) The account balance in a participant's individual retirement account, including the value of the participant's investment in each investment option selected by the participant;

(2) The various investment options available to each participant and the process by which a participant may select investment options for his or her contributions in accordance with subsection (b) of section 31-71j of the general statutes, as amended by this act, or as prescribed by the authority;

(3) The amount of fees charged to each participant's individual retirement account and a description of the services to which such charges relate; and

(4) At the election of the board, an estimate of the amount of income the account is projected to generate for a participant's retirement based on reasonable assumptions.

(c) Not less than annually, the board shall provide each participant with notification regarding fees that may be imposed through the program and information regarding the various investment options that may be available to participants. The board may provide such notification and information in the form of a prospectus or similar document.

(d) The board, on behalf of the authority, may adopt policies and procedures in accordance with the provisions of section 1-121 of the general statutes for the electronic dissemination of any notices or information required to be provided to participants, potential participants and qualified employers pursuant to the provisions of this section.

Substitute House Bill No. 5591

Sec. 5. (NEW) (*Effective from passage*) (a) The Connecticut Retirement Security Program shall provide for the establishment and maintenance of an individual retirement account for each program participant. Such individual retirement account shall be established and maintained through the program or a third-party entity in the business of establishing and maintaining individual retirement accounts. Program assets shall be held in trust or custodial accounts meeting the requirements of Section 408(a) or (c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or any other applicable federal law requirements.

(b) Interest, investment earnings and investment losses shall be allocated to each participant's individual retirement account. A participant's benefit under the program shall be equal to the balance in such participant's individual retirement account as of any applicable measurement date prescribed by the program.

(c) The Connecticut Retirement Security Authority shall establish, or cause to be established, processes to prevent a participant's contributions to the program from exceeding the maximum amount of deduction under 26 USC 219(b)(1) for the participant's tax year.

(d) The state shall not be liable for the payment of any benefit to any participant or beneficiary of any participant and shall not be liable for any liability or obligation of the authority. The authority shall not be liable for the payment of any benefit to any participant or beneficiary of any participant, except with respect to any individual retirement accounts established and maintained by the authority.

(e) Any unclaimed funds in a participant's individual retirement account shall be governed by section 3-57a of the general statutes.

Sec. 6. (NEW) (*Effective from passage*) (a) The Connecticut Retirement

Substitute House Bill No. 5591

Security Authority board of directors, in conducting the business of the authority, including its oversight functions, shall act: (1) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims; (2) solely in the interests of the program's participants and beneficiaries; (3) for the exclusive purposes of providing benefits to participants and beneficiaries and defraying reasonable expenses of administering the program; and (4) in accordance with the provisions of sections 2 to 13, inclusive, of this act and any other applicable sections of the general statutes.

(b) The board shall, to the extent reasonable and practicable, require any agents engaged or appointed by the authority to abide by the standard of care described in subsection (a) of this section.

Sec. 7. (NEW) (*Effective from passage*) (a) (1) Not later than January 1, 2018, and annually thereafter, each qualified employer shall provide each of its covered employees with the informational materials prepared by the Connecticut Retirement Security Authority board of directors pursuant to section 4 of this act. For any employee of a qualified employer who (A) is hired on or after January 1, 2018, or (B) does not meet the definition of covered employee pursuant to section 1 of this act, such qualified employer shall provide such informational materials to such employee not later than thirty days, or such other time period as prescribed by the authority, after (i) the date of such employee's hiring, or (ii) the date such employee meets the definition of covered employee pursuant to section 1 of this act.

(2) Not later than sixty days after a qualified employer provides informational materials to a covered employee in accordance with subsection (a) of this section, or such other time period as prescribed by the authority, and subject to the provisions of subdivision (3) of this subsection, such qualified employer shall automatically enroll each of

Substitute House Bill No. 5591

its covered employees in the program at the participant's contribution level in accordance with the provisions of section 31-71j of the general statutes, as amended by this act.

(3) A covered employee may opt out of the program by electing a contribution level of zero.

(4) (A) A qualified employer that (i) maintains a retirement plan or retirement arrangement described under Section 219(g)(5) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or (ii) any other retirement arrangement approved by the authority, shall be exempt from the requirements of subdivisions (1) and (2) of this subsection.

(B) A qualified employer shall not be considered to maintain a retirement plan or retirement arrangement described under said Section 219(g)(5) or any other retirement arrangement approved by the authority pursuant to subparagraph (A) of this subdivision, if the authority determines that (i) as of the first day of the previous calendar year, no new participant was eligible to be enrolled in a retirement plan or retirement arrangement maintained by such qualified employer, and (ii) on and after the first day of the previous calendar year, no contributions were made to such retirement plan or retirement arrangement by or on behalf of a participant in such plan or arrangement.

(5) The authority may defer the effective date of the program, in whole or in part, and for particular categories of employers, as the authority deems necessary to effectuate the purposes of sections 2 to 13, inclusive, of this act in a manner that minimizes the disruption and burdens that may exist for any qualified employer. The board shall provide notice of any deferment of the effective date of the program to the chairpersons and ranking members of the joint standing committee

Substitute House Bill No. 5591

of the General Assembly having cognizance of matters relating to labor not later than seven days after the authority has deemed such deferment necessary. Such notice shall include the categories of employers affected, the purpose for which the deferment was granted and the new effective date of the program.

(b) An employer that does not otherwise meet the definition of a qualified employer may make the program available to its employees subject to such rules and procedures as may be prescribed by the authority. No such employer shall require any employee to enroll in the program.

(c) Any individual who is not enrolled in the program pursuant to subsection (a) of this section may participate in the program at any time subject to such rules and procedures as the authority may prescribe. The authority shall provide the informational materials described in section 4 of this act to any such individual at or before the time of such individual's enrollment in the program.

(d) To the extent permitted under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, the authority shall allow any individual to establish or contribute to an individual retirement account maintained for such individual under the program by rolling over funds from an existing retirement savings account of the individual.

(e) A qualified employer that withholds a contribution from a covered employee's compensation in connection with the program shall transmit such contribution on the earliest date the amount withheld from the covered employee's compensation can reasonably be segregated from the qualified employer's assets, but not later than the fifteenth business day of the month following the month in which the covered employee's contribution amounts are withheld from his or

Substitute House Bill No. 5591

her paycheck.

(f) No employer shall be permitted to make a contribution to the program.

(g) The board shall disseminate information concerning the tax credits that may be available to small business owners for establishing new retirement plans.

Sec. 8. (NEW) (*Effective from passage*) The Connecticut Retirement Security Authority shall provide for each participant's account to be invested in (1) an age-appropriate target date fund, except as provided in subsection (b) of section 9 of this act, or (2) such other investment vehicles as the authority may prescribe.

Sec. 9. (NEW) (*Effective from passage*) (a) The Connecticut Retirement Security Authority shall establish rules and procedures governing the distribution of funds from the program. Such rules and procedures shall allow for such distributions as may be permitted or required by the program and any applicable provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

(b) The program shall include the following design features prescribed by the authority, provided the authority determines such features to be feasible and cost effective:

(1) Designate a lifetime income investment for the program intended to provide participants with a source of retirement income for life. Any lifetime income investment for the program shall include spousal rights;

(2) Provide to each participant, one year in advance of the participant's normal retirement age, a disclosure explaining (A) the rights and features of the lifetime income investment; (B) that once the

Substitute House Bill No. 5591

participant reaches normal retirement age, fifty per cent of the participant's account will be invested in the lifetime income investment; and (C) that the participant may elect to invest a higher percentage of his or her account balance in the lifetime income option;

(3) On the date a participant reaches his or her normal retirement age, invest fifty per cent of the participant's account balance, or such higher amount as specified by the participant, in the lifetime income investment;

(4) Permit each participant to elect a date not earlier than his or her normal retirement age on which to begin receiving distributions, provided, in the absence of an election, such distributions shall commence not later than ninety days after the participant reaches his or her normal retirement age; and

(5) Establish procedures whereby each participant may elect to invest a higher percentage of his or her account balance in the lifetime income investment.

(c) The board shall inform participants about their rights to withdraw funds from the program in accordance with the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time. For participants who elect to withdraw their assets prior to their normal retirement age, the authority shall notify such participants of any tax penalties associated with such withdrawal and the effect of such withdrawal on such participant's expected retirement income.

Sec. 10. (NEW) (*Effective from passage*) (a) The Attorney General may investigate any violation of section 6 of this act. If the Attorney General finds that any member of the Connecticut Retirement Security Authority board of directors, or any agent engaged or appointed by

Substitute House Bill No. 5591

the board or the authority has violated or is violating any provision of said section, the Attorney General may bring a civil action in the superior court for the judicial district of Hartford under this section in the name of the state against such member or agent. The remedies available to a court in any such action shall be limited to injunctive relief. Nothing in this section shall be construed to create a private right of action.

(b) If a qualified employer fails to remit contributions to the program in the time period specified in subsection (e) of section 7 of this act, such failure to remit such contributions shall be a violation of section 31-71e of the general statutes, as amended by this act.

(c) If a qualified employer fails to enroll a covered employee as required under subsection (a) of section 7 of this act, such covered employee, or the Labor Commissioner, may bring a civil action to require the qualified employer to enroll the covered employee and shall recover such costs and reasonable attorney's fees as may be allowed by the court.

Sec. 11. (NEW) (*Effective from passage*) (a) The Connecticut Retirement Security Authority shall keep an accurate account of all its activities, receipts and expenditures and shall submit, in accordance with the provisions of section 11-4a of the general statutes, a report detailing such activities, receipts and expenditures to the Connecticut Retirement Security Authority board of directors, the Governor, the Office of Auditors of Public Accounts and the joint standing committees of the General Assembly having cognizance of matters relating to labor and finance, revenue and bonding on or before December thirty-first annually. Such report shall be in a form prescribed by the board and shall include projected activities of the authority for the next fiscal year and shall be subject to approval by the Auditors of Public Accounts.

Substitute House Bill No. 5591

(b) The Auditors of Public Accounts may conduct a full audit of the books and accounts of the authority pertaining to such activities, receipts and expenditures, personnel, services or facilities, in accordance with the provisions of section 2-90 of the general statutes. For the purposes of such audit, the Auditors of Public Accounts shall have access to the properties and records of the authority, and may prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by the authority.

(c) The authority shall enter into memoranda of understanding with the State Comptroller pursuant to which the authority shall provide, in such form and manner as prescribed by the State Comptroller, information that may include, but need not be limited to, the current revenues and expenses of the authority, the sources or recipients of such revenues or expenses, the date such revenues or expenses were received or dispersed and the amount and the category of such revenues or expenses. The State Comptroller may also enter into such memoranda of understanding.

Sec. 12. (*Effective from passage*) (a) The Connecticut Retirement Security Board shall conduct a study of the interest of participants and potential participants of the Connecticut Retirement Security Program in investing in a traditional IRA option. The study shall include, but need not be limited to: (1) The number of participants and potential participants whose incomes exceed federal limits for contributing to a Roth IRA; and (2) the percentage of current participants that would prefer a tax-deferred savings option. Not later than January 1, 2019, the board shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, on the results of such study to the joint standing committee of the General Assembly having cognizance of matters relating to labor.

(b) The Connecticut Retirement Security Authority may study the feasibility of the state or the authority making available to employers a

Substitute House Bill No. 5591

multiple-employer 401(k) plan or other tax-favored retirement savings vehicle.

Sec. 13. (NEW) (*Effective January 1, 2018*) (a) The Connecticut Retirement Security Authority board of directors shall:

(1) Establish and maintain a secure Internet web site to (A) provide qualified employers with information regarding employer-sponsored retirement plans and payroll deduction individual retirement accounts, and (B) assist qualified employers in identifying vendors of retirement arrangements that may be implemented by the qualified employers in lieu of participation in the program;

(2) Include the Internet web site address on any posting to the Internet web site or in other materials offered to the public regarding the program;

(3) Prior to implementing the Internet web site, and at least annually thereafter, provide notice to vendors (A) that such Internet web site is active, (B) that such vendors may register for inclusion on the Internet web site, and (C) regarding the process for inclusion on the Internet web site; and

(4) Establish an appeals process for vendors that are denied registration or removed from the Internet web site pursuant to subsection (d) of this section.

(b) Each vendor that registers to be listed on the Internet web site shall provide: (1) A statement of such vendor's experience providing employer-sponsored retirement plans and payroll deduction individual retirement accounts in this state and in other states, if applicable, (2) a description of the types of retirement investment products offered by such vendor, and (3) a disclosure of all expenses paid directly or indirectly by retirement plan participants, including, but not limited to, penalties for early withdrawals, declining or fixed

Substitute House Bill No. 5591

withdrawal charges, surrender or deposit charges, management fees and annual fees.

(c) The cost of establishing and maintaining the registration system and the Internet web site shall be borne solely and equally by registered vendors, based upon the total number of registered vendors.

(d) The board may remove a vendor from the Internet web site if the vendor: (1) Submits materially inaccurate information to the board, (2) does not remit assessed fees within sixty days from the date of assessment, or (3) fails to submit to the board notice of any material change to the vendor's registered investment products. Any vendor found to have submitted materially inaccurate information to the board shall be allowed sixty calendar days to correct the information.

Sec. 14. Subdivision (12) of section 1-79 of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(12) "Quasi-public agency" means Connecticut Innovations, Incorporated, the Connecticut Health and Education Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the State Housing Authority, the Materials Innovation and Recycling Authority, the Capital Region Development Authority, the Connecticut Lottery Corporation, the Connecticut Airport Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, the Connecticut Retirement Security Authority, the Connecticut Port Authority and the State Education Resource Center.

Sec. 15. Subdivision (1) of section 1-120 of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

Substitute House Bill No. 5591

(1) "Quasi-public agency" means Connecticut Innovations, Incorporated, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, the Capital Region Development Authority, the Connecticut Lottery Corporation, the Connecticut Airport Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, the Connecticut Retirement Security Authority, the Connecticut Port Authority and the State Education Resource Center.

Sec. 16. Section 1-124 of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(a) Connecticut Innovations, Incorporated, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, the Connecticut Airport Authority, the Capital Region Development Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, the Connecticut Retirement Security Authority, the Connecticut Port Authority and the State Education Resource Center shall not borrow any money or issue any bonds or notes which are guaranteed by the state of Connecticut or for which there is a capital reserve fund of any kind which is in any way contributed to or guaranteed by the state of Connecticut until and unless such borrowing or issuance is approved by the State Treasurer or the Deputy State Treasurer appointed pursuant to section 3-12. The approval of the State Treasurer or said deputy shall be based on documentation provided by the authority that it has sufficient

Substitute House Bill No. 5591

revenues to (1) pay the principal of and interest on the bonds and notes issued, (2) establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

(b) To the extent Connecticut Innovations, Incorporated, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Airport Authority, the Capital Region Development Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, the Connecticut Retirement Security Authority, the Connecticut Port Authority or the State Education Resource Center is permitted by statute and determines to exercise any power to moderate interest rate fluctuations or enter into any investment or program of investment or contract respecting interest rates, currency, cash flow or other similar agreement, including, but not limited to, interest rate or currency swap agreements, the effect of which is to subject a capital reserve fund which is in any way contributed to or guaranteed by the state of Connecticut, to potential liability, such determination shall not be effective until and unless the State Treasurer or his or her deputy appointed pursuant to section 3-12 has approved such agreement or agreements. The approval of the State Treasurer or his or her deputy shall be based on documentation provided by the authority that it has sufficient revenues to meet the financial obligations associated with the agreement or agreements.

Sec. 17. Section 1-125 of the 2016 supplement to the general statutes

Substitute House Bill No. 5591

is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

The directors, officers and employees of Connecticut Innovations, Incorporated, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, including ad hoc members of the Materials Innovation and Recycling Authority, the Connecticut Health and Educational Facilities Authority, the Capital Region Development Authority, the Connecticut Airport Authority, the Connecticut Lottery Corporation, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, the Connecticut Retirement Security Authority, the Connecticut Port Authority and the State Education Resource Center and any person executing the bonds or notes of the agency shall not be liable personally on such bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof, nor shall any director or employee of the agency, including ad hoc members of the Materials Innovation and Recycling Authority, be personally liable for damage or injury, not wanton, reckless, wilful or malicious, caused in the performance of his or her duties and within the scope of his or her employment or appointment as such director, officer or employee, including ad hoc members of the Materials Innovation and Recycling Authority. The agency shall protect, save harmless and indemnify its directors, officers or employees, including ad hoc members of the Materials Innovation and Recycling Authority, from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence or alleged deprivation of any person's civil rights or any other act or omission resulting in damage or injury, if the director, officer or employee, including ad hoc members of the Materials Innovation and Recycling Authority, is found to have been acting in the discharge of his or her

Substitute House Bill No. 5591

duties or within the scope of his or her employment and such act or omission is found not to have been wanton, reckless, wilful or malicious.

Sec. 18. Section 31-71e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

No employer may withhold or divert any portion of an employee's wages unless (1) the employer is required or empowered to do so by state or federal law, or (2) the employer has written authorization from the employee for deductions on a form approved by the commissioner, or (3) the deductions are authorized by the employee, in writing, for medical, surgical or hospital care or service, without financial benefit to the employer and recorded in the employer's wage record book, or (4) the deductions are for contributions attributable to automatic enrollment, as defined in section 31-71j, as amended by this act, in a retirement plan described in Section 401(k), 403(b), 408, 408A or 457 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, established by the employer, or in the Connecticut Retirement Security Program established pursuant to section 3 of this act, or (5) the employer is required under the law of another state to withhold income tax of such other state with respect to (A) employees performing services of the employer in such other state, or (B) employees residing in such other state.

Sec. 19. Section 31-71j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(a) As used in this section: (1) "Automatic enrollment" means a plan provision in an employee retirement plan described in Section 401(k) or 403(b) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, or a governmental deferred compensation plan

Substitute House Bill No. 5591

described in Section 457 of said Internal Revenue Code, or a payroll deduction Individual Retirement Account plan described in Section 408 or 408A of said Internal Revenue Code, or the Connecticut Retirement Security Program established pursuant to section 3 of this act, under which an employee is treated as having elected to have the employer make a specified contribution to the plan equal to a percentage of compensation specified in the plan until such employee affirmatively elects to not have such contribution made or elects to make a contribution in another amount; and (2) "automatic contribution arrangement" means an arrangement under an automatic enrollment plan under which, in the absence of an investment election by the participating employee, contributions made under such plan are invested in accordance with regulations prescribed by the United States Secretary of Labor under Section 404(c)(5) of the Employee Retirement Income Security Act of 1974, as amended from time to time.

(b) Any employer who provides automatic enrollment shall be relieved of liability for the investment decisions made by the employer or the Connecticut Retirement Security Authority pursuant to section 8 of this act on behalf of any participating employee under an automatic contribution arrangement, provided:

(1) The plan allows the participating employee at least quarterly opportunities to select investments for the employee's contributions between investment alternatives available under the plan;

(2) The employee is given notice of the investment decisions that will be made in the absence of the employee's direction, a description of all the investment alternatives available under the plan and a brief description of procedures available for the employee to change investments; and

(3) The employee is given at least annual notice of the actual

Substitute House Bill No. 5591

investments made on behalf of the employee under such automatic contribution arrangement.

(c) Nothing in this section shall modify any existing responsibility of employers or other plan officials for the selection of investment funds for participating employees.

(d) The relief from liability of the employer under this section shall extend to any other plan official who actually makes the investment decisions on behalf of participating employees under an automatic contribution arrangement.

Sec. 20. (NEW) (*Effective from passage*) (a) No member of the Connecticut Retirement Security Authority board of directors, except the State Comptroller or State Treasurer, or any executive director, assistant executive director or authorized officer appointed by said board or the principal of an entity with a contract with the authority to administer the Connecticut Retirement Security Program, shall make a contribution to, or knowingly solicit contributions from the board's or the executive director's or assistant executive director's employees on behalf of (1) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (2) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (3) a party committee.

(b) No member of the Connecticut Retirement Security Authority board of directors, except the State Comptroller or State Treasurer, or any executive director, assistant executive director or authorized officer appointed by said board or the principal of any entity with a contract with the authority to administer the program shall make a contribution to, or knowingly solicit contributions from the board's or the executive director's or assistant executive director's employees on

Substitute House Bill No. 5591

behalf of (1) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of state senator or state representative, (2) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (3) a party committee.

(c) The provisions of this section and sections 1 to 19, inclusive, of this act, shall be severable, and, if any of their provisions are held to be unconstitutional or invalid, the validity of the remaining provisions of said sections will not be affected.

Sec. 21. Sections 31-410 to 31-415, inclusive, of the general statutes are repealed. (*Effective July 1, 2016*)

Approved May 27, 2016